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DEPARTMENT OF COMMERCE

International Trade Administration

Executive-Led Power Technologies Trade Mission to the United Arab Emirates and Saudi

Arabia March 12-16, 2017

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

SUMMARY:

The United States Department of Commerce (DOC), International Trade Administration (ITA), is organizing an executive-led Power Technologies Trade Mission to the United Arab Emirates (UAE) and Saudi Arabia (KSA) on March 12-16, 2017. The purpose of the trade mission is to introduce U.S. firms to KSA and UAE's expanding power technology sector, which seeks to procure power equipment, distribution, power grid, as well as spare parts, and equipment with a focus on the renewable sector, and also to assist those U.S. firms in pursuing export opportunities in this sector, by helping new-to-market companies learn about the KSA and UAE energy markets and make initial contacts, and by supporting U.S. companies already doing business in the KSA and UAE to widen and deepen their business interests.

UAE COMMERCIAL SETTING

The UAE is a federation of the seven emirates of Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al-Khaimah, Sharjah and Umm Al-Quwain. The generation, transmission and distribution of electricity in the UAE is dominated by three water and power authorities owned by each of the individual emirates: Abu Dhabi Water and Electricity Authority (ADWEA), Dubai Electricity and

Water Authority (DEWA) and Sharjah Electricity and Water Authority, and by a federal authority that operates in the smaller northern emirates (FEWA).

In Abu Dhabi, ADWEA has established a long-term program for the privatization of the electricity sector and a number of independent water and power producers have been established as joint-venture arrangements between ADWEA and various international power companies as Build–Operate–Own projects. The Dubai government is also promoting private investment in its electricity generation sector, and recently passed legislation allowing the private sector to participate in electricity generation by establishing project companies and by collaborating with third parties.

Per the UAE Ministry of Energy, the total generated electricity in 2014 was 116, 528 GWH and consumption was about 111.685 GWH. Rapid economic and demographic growth over the past decade is pushing the UAE's electricity grid close to its limits. The UAE currently relies primarily on natural gas, but it is also adding nuclear, renewable, and coal-fired electricity generating capacity. To support its economic diversification and sustainable development, the UAE plans to meet a significant portion of its energy needs using renewable sources. According to statements made by Energy Minister Suhail Al Mazrouei in January 2016, the UAE plans to increase its target for power generation from clean energy to 30 percent by 2030, with at least 25 percent of the country's electricity generated from both nuclear and solar.

Below is information on various sub-sectors of the power sector in the UAE.

- **Solar:** In 2013, DEWA launched the Mohammed bin Rashid Al Maktoum Solar Park in Dubai, which was originally slated to generate 1,000MW of solar energy; however, in January 2016, DEWA announced that it would triple the project's size to 3,000MW, and then in February, the Dubai directives expanded the plant to 5,000MW by 2030 (the expected

completion date). Also in 2013, Abu Dhabi's Masdar Clean Energy commissioned the 100-megawatt, grid connected concentrated solar power plant Shams One, a joint venture with Abengoa Solar and Total. Masdar also developed the 10MW solar PV plant at Masdar City and is developing a 30MW wind farm and a PV array on Sir BaniYas Island.

- **Smart Grid and Smart Metering:** In 2014, ADWEA achieved a milestone when it successfully deployed a Battery Energy Storage System which is connected to the Abu Dhabi electricity grid. That was one of many Smart Grid initiatives being implemented in the sector that will contribute to accomplishing the 2030 vision of having a fully integrated "Smart Utility." Late last year, DEWA signed a contract to build a smart grid station at the Dubai Electricity and Water Authority's Green Garage in Ruwayyah.
- **Selected Projects:** In January 2016, DEWA announced it would tender renewable energy projects worth more than Dh27 billion (US\$ 7.3 Billion) based on an independent power producer model to leverage public-private partnerships. The DEWA 2016 budget includes a number of key projects including US\$.6 bn in generation, US\$.9 bn in power transmission, US\$.32 bn in power distribution and US\$.28 bn in water and civil works in addition to other amounts totaling US\$ 25.9 million. In addition, DEWA has released the standards for installing solar photovoltaic (PV) panels on buildings in Dubai and has invited manufacturers to submit their eligibility applications.

KSA COMMERCIAL SETTING

The Saudi Electricity Company (SEC) is the largest producer of electricity in the KSA with current available generation capacity of around 58 GW. Other producers include the Saline Water Conversion Corporation (SWCC), SABIC, MARAFIQ and Saudi Aramco. For the medium term, the Saudi Arabia Electricity and Cogeneration Regulatory Authority (ECRA)

allow Saudi Aramco to sell excess electricity it produces back to the SEC. ECRA also projected that the Kingdom would need to invest approximately USD 140 billion through 2020 to increase SEC generation capacity to 71 GW, in which it is projected that the country will have sufficient generating capacity to meet demand. SEC plans to increase electricity generating capacity to 120 GW by 2032.

The KSA continues to experience population growth, greater industrial diversification led by the development of petrochemical and financial cities, high demand for air conditioning, and subsidized electricity rates. As a result, the KSA requires additional production capacity of 4 GW generation capacity to come on line each year to meet growing electricity demand. Saudi Arabia generated 292.2 billion kilowatt hours (kWh) of electricity in 2013, which represents a 7 percent increase and more than double the electricity generated in 2000. The 7 percent increase in electricity generation still does not meet the 9 percent annual growth rate in the demand for electricity. For this reason, the KSA has embarked on the largest infrastructure expansion plan in the Middle East to address electricity generation, efficient distribution, the diversification of fuels, and electricity/energy conservation issues. Below is information on various sub-sectors of the power sector in the KSA.

- **Solar:** The KSA plans to install a staggering 54 GW of new renewable power by 2032.

Solar photovoltaic (PV) and concentrated solar power (CSP) boast great long term potential in isolated areas of the Kingdom. The SEC is developing non-fossil-fuel-fired power plants as is evidenced by the integrated solar combined-cycle scheme at Dubai 1, under which two main contracts have been awarded in 2015. The project marks Saudi Arabia's first integration of CSP in a combined cycle plant. Saudi Aramco is working with relevant corporate and

national stakeholders to form joint ventures to develop, build and operate a portfolio of 300MW of solar and wind projects to displace high value hydrocarbons.

- **Wind:** Wind has considerable potential to be a short term solution and the KSA enjoys good wind speeds particularly in the southeast offering potential development in this sector.
- **Smart Grid and Smart Metering:** The SEC has taken an important step into the deployment of smart grids by defining a new functionality and a new data model for the performance of smart meters. The SEC plans to install smart meters across the country first in the industrial, construction, commercial and government sectors, and then the residential sector by 2021.
- **Engineering Projects:** With the SEC planning to increase electricity generating capacity to 120 GW by 2032 with approximately \$140 billion of investment through 2020, the awarding and execution of a string of new power plants presents exciting opportunities to U.S. engineering companies.

The following equipment enjoys strong export sales from the U.S. to the KSA: gas turbines; power transformers; industrial generators; valves; compressors; pumps; spare parts; turbine filters; gas turbine inlet systems; fuel oil system skid packages (unloading, transfer, forwarding and heating skids); fuel gas system skid packages for natural gas cleaning and conditioning.

MISSION GOALS

The mission will help participating firms and associations or organizations gain market insights, make industry contacts, implement business strategies, and advance specific projects, with the goal of increasing U.S. exports of products and services to KSA and UAE. New opportunities exist as a result of demand approaching capacity and recent legislation that will allow private

sector participation in the electricity sector. The focus of this mission is on renewable energy and not nuclear energy.

Specifically, the mission will provide U.S. participants with first-hand market information, site visits, one-on-one meetings with potential business partners, and meetings with relevant government entities in the UAE and KSA. The mission will include participants from leading U.S. companies that provide state-of-the-art generation, transmission and distribution equipment. Participants will meet key power sector contacts in the UAE and KSA, and gain insights on relevant export opportunities. Participants will have the opportunity to explore contacts with local firms and distributors active in the UAE and KSA who are seeking to procure power equipment, distribution, power grid, as well as spare parts, equipment. Target sub-sectors of the power sector holding high potential for U.S. exporters include: Solar, Wind, Smart Electrical Engineering, Grid and Smart Metering.

MISSION SCENARIO

Trade mission delegates will participate in a five-day program, including roundtables and policy meetings with officials in UAE and KSA. The delegates will also have networking opportunities to meet face-to-face with decision maker officials, potential strategic partners, local firms, industry experts and distributor systems integrators.

Abu Dhabi, United Arab Emirates (UAE)

Sunday, March 12, 2017

- Delegates arrive in Abu Dhabi
- Briefing with Embassy and industry experts
- Networking reception

(All day group bus transportation included)

Abu Dhabi, Dubai, United Arab Emirates (UAE)

Monday, March 13, 2017

- Business matchmaking sessions
- Government meetings
- Evening travel to Dubai

(All day group bus transportation included)

Dubai, United Arab Emirates (UAE) Riyadh, Saudi Arabia (KSA)

Tuesday, March 14, 2017

- Business matchmaking sessions
- Government meetings
- Delegates depart for Riyadh
- Briefing with Embassy and industry experts

(All day group bus transportation included)

Riyadh, Saudi Arabia (KSA)

Wednesday, March 15, 2017

- Business matchmaking sessions
- Government meetings
- Evening travel to Dhahran

(All day group bus transportation included)

Dhahran, Saudi Arabia (KSA)

Thursday, March 16, 2017

- Briefing with U.S. Consulate in Dhahran
- Business matchmaking sessions

- Visit to Aramco
- Networking reception

(Group bus transportation to official events only, included)

Traded Mission concludes

WEBSITE: Please visit our official mission website for more information:

http://export.gov/trademissions/eg_main_023185.asp

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the Department of Commerce (DOC). All applicants will be evaluated, staggered comparative, on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 12 and a maximum of 15 companies will be selected to participate from the applicant pool.

FEES AND EXPENSES

After a firm or trade association/organization has been selected to participate in the event, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for the trade mission will be \$5,000 for a small or medium-sized enterprise (SME)¹ and \$6700 for large firms and trade associations/organizations. The fee for each additional representative (SME or large firm or /trade associations/organizations) is \$750 and is subject to availability. Expenses for travel, lodging, meals, and incidentals will be the

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective November 24, 2015 (see [http://itacentral/myorg/gm/odg/osp/User%20Fees%20Resource%20Document%20Library/Marketing%20Flyer%20for%20Communicating%20with%20Clients%20\(FY2016\).pdf](http://itacentral/myorg/gm/odg/osp/User%20Fees%20Resource%20Document%20Library/Marketing%20Flyer%20for%20Communicating%20with%20Clients%20(FY2016).pdf))

responsibility of each event delegate. Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

APPLICATION:

All interested firms and associations may register via the following link:

<http://2016.export.gov/trademissions/powertechsaudiuae/>

EXCLUSIONS

The mission fee does not include any personal travel expenses such as lodging, most meals, local ground transportation (except for transportation to and from meetings, and airport transfers during the mission), and air transportation. Participants will, however, be able to take advantage of U.S. Government rates for hotel rooms. Electronic visas are required to participate on the mission, which are easily obtainable online. Applying for and obtaining such visas will be the responsibility of the mission participant. Government fees and processing expenses to obtain such visas are not included in the participation fee. However, the Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas. Further, U.S. Trade Mission members participate in the trade mission and undertake mission-related travel at their own risk. The nature of the security situation in a given foreign market at a given time cannot be guaranteed. The U.S. Government does not make any representations or guarantees as to the safety or security of participants. The U.S. Department of State issues U.S. Government international travel alerts and warnings for U.S. citizens available at <https://travel.state.gov/content/passports/en/alertswarnings.html>. Any question regarding insurance coverage must be resolved by the participant and its insurer of choice.

TIMELINE FOR RECRUITMENT AND APPLICATIONS

Trade mission recruitment will be conducted in an open and public manner, including, posting on the Commerce Department trade mission calendar and other Internet web sites, email, press

releases to general and trade media, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the trade mission will begin immediately and conclude no later than December 31, 2016.

The Department of Commerce will review applications and inform applicants of selection decisions periodically during the recruitment period. All applications received subsequent to an evaluation date will be considered at the next evaluation. However, applications received after December 31, 2016, will be considered only if space and scheduling constraints permit.

CONDITIONS FOR PARTICIPATION

An applicant must sign and submit a completed application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If an incomplete application form is submitted or the information and material submitted does not demonstrate how the applicant satisfies the participation criteria, the Department of Commerce may reject the application, request additional information, or take the lack of information into account when evaluating the application. Each applicant must also:

- Identify whether the products and services it seeks to export through the mission are either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51% U.S. content. In cases where the U.S. content does not exceed 50%, especially where the applicant intends to pursue investment in major project opportunities, the following factors, may be considered in determining whether the applicant's participation in the Trade Mission is in the U.S. national interest:
 - o U.S. materials and equipment content;
 - o U.S. labor content;

- o Contribution to the U.S. technology base, including conduct of research and development in the United States;
- o Repatriation of profits to the U.S. economy;
- o Potential for follow-on business that would benefit the U.S. economy;

A trade association/organization applicant must certify to the above for all of the companies it seeks to represent on the mission.

An applicant must also certify that:

- The export of its goods, software, technology, and services would be in compliance with U.S. export control laws and regulations, including those administered by the Department of Commerce's Bureau of Industry and Security;
- It has identified any matter pending before any bureau or office of the Department of Commerce;
- It has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce;

It and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with its involvement in this Mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials.

SELECTION CRITERIA FOR PARTICIPATION

- Suitability of the company's products or services to the market. Please note: this mission will not include nuclear power technologies given the imbalance of this sub-sector in UAE and Saudi Arabia.
- Applicant's potential for business in the target countries, including likelihood of exports resulting from the mission.

- Consistency of the applicant's goals and objectives with the stated scope of the mission.

Balance of company size, sector or subsector, and location may also be considered during the review process. Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

FOR FURTHER INFORMATION CONTACT:

International Trade Administration

Melissa Blackledge
Trade Promotion Programs
Washington, D.C.
Tel: (202) 482-1765
E-mail: melissa.blackledge@trade.gov

U.S. Commercial Service Saudi Arabia

Douglas Wallace
U.S. Commercial Service
Riyadh, Saudi Arabia
Tel: + 966 +11- 488-3800
E-mail: douglas.wallace@trade.gov

U.S. Commercial Service United Arab Emirates

Dao M. Le
U.S. Commercial Service
Abu Dhabi, UAE
Tel: + 971 +2- 414-2665
E-mail: dao.le@trade.gov

Frank Spector

Trade Missions Program

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